

# MONTEREY COUNTY



## COUNTY ADMINISTRATIVE OFFICE

LEW C. BAUMAN  
COUNTY ADMINISTRATIVE OFFICER

168 W. ALISAL STREET 3<sup>RD</sup> FLOOR  
SALINAS, CA 93901-2680  
(831) 755-5115  
FAX (831) 757-5792  
[www.co.monterey.ca.us](http://www.co.monterey.ca.us)

March 13, 2007

The Honorable Russell D. Scott  
2007 Presiding Judge of the Superior Court  
County of Monterey  
240 Church Street  
Salinas, CA 93901

### **Re: Response to 2006 Monterey County Civil Grand Jury Report**

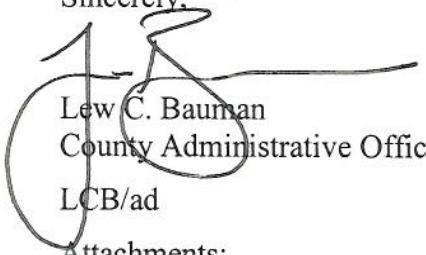
Dear Judge Scott:

Attached please find the Monterey County Board of Supervisors' response to the Monterey County Civil Grand Jury 2006 Final Report. The Board of Supervisors approved the response, which complies with all requirements set forth in Sections 933 and 933.05 of the California Penal Code, on March 13, 2007.

The Board approved response should be deemed and accepted by the Presiding Judge of the Superior Court of Monterey County and the Monterey County Civil Grand Jury as the response of the Board of Supervisors, County Administrative Officer, and appointed County department heads.

For informational purposes, I have also included the Board Report and Board Order, which accompanied this item at the Board's hearing on March 13, 2007.

Sincerely,

  
Lew C. Bauman  
County Administrative Officer  
LCB/ad

Attachments:

- Board of Supervisors' Response
- March 13, 2007 Board Report
- March 13, 2007 Board Order

cc: Liz Fuentez, Grand Jury Liaison



**Monterey County Board of Supervisors'**

**Response to the**

**Monterey County Civil Grand Jury  
2006 Final Report**

**March 13, 2007**

---

# TABLE OF CONTENTS

---

	Page(s)
<b>I. 2004 Grand Jury Report Agency Response</b>	
<i>Findings F 2.1 – F 2.5</i>	3
<i>Recommendations R 2.1 – R 2.5</i>	4-5
<b>II. CORE / Enterprise Resource Planning</b>	
<i>Findings F 3.1 – F 3.5</i>	6-7
<i>Recommendations R 3.1 – R 3.8</i>	8-9
<b>III. Human Resources</b>	
<i>Findings F 4.1 – F 4.13</i>	10-13
<i>Recommendations R 4.1 – R 4.13</i>	14-18
<b>IV. Elected Officeholder's Residency Requirements</b>	
<i>Findings F 7.1 – F 7.2</i>	19
<i>Recommendation R 7.2</i>	20
<b>V. Monterey County 457 Eligible Deferred Compensation Plan</b>	
<i>Findings F 8.1 – F 8.3</i>	21
<i>Recommendations R 8.1 – R 8.4</i>	22
<b>VI. Food Service Inspections and Agricultural E. coli</b>	
<i>Findings F 9.1 – F 9.12</i>	23-25
<i>Recommendations R 9.1 – R 9.13</i>	26-28
<b>VII. West Nile Virus, Avian Influenza A H5N1, and Tuberculosis</b>	
<i>Findings F 10.1 – F 10.8</i>	29-30
<i>Recommendations R 10.1 – R 10.4</i>	31
<b>VIII. Family and Children's Services</b>	
<i>Findings F 11.1 – F 11.20</i>	32-36
<i>Recommendations R 11.1 – R 11.10</i>	37-40
<b>IX. Monterey County Jail</b>	
<i>Findings F 15.1 – F 15.8</i>	41-42
<i>Recommendations R 15.1 – R 15.6</i>	43-44



**REPORT TITLE:** 2004 Grand Jury Report Agency Response  
**RESPONSE BY:** Monterey County Board of Supervisors  
**RESPONSE TO:** Findings F 2.1 – F 2.5

---

**Finding F 2.1:** *The government finance training section of the Supervisors Continuing Education Workshop held on August 22, 2005 does fulfill the Recommendation 2.4 for FY 2005-06. However, there is no apparent policy to assure that this is an annual event.*

**Response F 2.1:** The respondent agrees with the finding.

**Finding F 2.2:** *Two training sessions, "State Triple Flip" and Enterprise Resource Planning, with the Monterey County Board of Supervisors occurred in FY 2005-06. These sessions are consistent with Recommendation 2.5 of the Report. However, there is no apparent policy to assure that this training is an annual event.*

**Response F 2.2:** The respondent agrees with the finding.

**Finding F 2.3:** *General Liability and Workers' Compensation self-insurance funds have been converted to Internal Service Funds. There has been no progress in establishing ISFs for vehicles, equipment, and information technology needs.*

**Response F 2.3:** The respondent partially disagrees with the finding. The County Administrative Office and Auditor-Controller's Office continue to evaluate the benefits and financial options for establishing Internal Service Funds for not only Information Technology and vehicle and equipment management, but for other employee benefit programs as well.

**Finding F 2.4:** *Fifteen percent of the 295 computer servers detectable on the County's network cannot be accessed by the Chief Security and Privacy Officer or his team. Appropriate rights have not been extended by the systems' administrators.*

**Response F 2.4:** The respondent disagrees with the finding. At close of business on February 8, 2007, there were 328 computer servers detectable on the County's network. Local administrator access has been granted to the Chief Security and Privacy Officer or his team on all 328 of those devices. Of the 328 servers, all possible except the thirteen still being worked upon (11 – Treasurer/Tax Collector, 2 – Assessor) are logging archived system logs with the Security team's logging server; and all (328) have been verified as complying with providing System Administrator password access for emergency scenarios.

**Finding F 2.5:** *The Board of Supervisors agreed to implement Recommendation 6.1 regarding State Criminal Alien Assistance Program funds during FY 2005-06. As of the end of that FY, this recommendation had not been implemented.*

**Response F 2.5:** The respondent disagrees wholly with the finding. Recommendations regarding ongoing use of State Criminal Alien Assistance Program (SCAAP) funds were approved in conjunction with Board approval of the FY 2005-06 Recommended Budget, and have been implemented since July 1, 2005.



**REPORT TITLE:** 2004 Grand Jury Report Agency Response  
**RESPONSE BY:** Monterey County Board of Supervisors  
**RESPONSE TO:** Recommendations R 2.1 – R 2.5

---

**Recommendation R 2.1:** *Monterey County should adopt a policy to assure that a finance training session for the Board of Supervisors is held annually.*

**Response R 2.1:** The recommendation has not yet been implemented, but will be implemented by June 30, 2007. The Board's Budget Committee, working with the Auditor-Controller, will recommend a policy for on-going finance training sessions. The policy will be presented for Board consideration no later than June 30, 2007.

**Recommendation R 2.2:** *Monterey County should adopt a policy to assure that the two special study sessions called for in the 2004 Monterey County Civil Grand Jury Report are held annually.*

**Response R 2.2:** The recommendation requires further analysis. The Board's Budget Committee working with the Auditor-Controller will recommend a policy for on-going finance training. In developing this policy, a recommendation as to the frequency of this training will be considered and an appropriate policy recommendation developed.

**Recommendation R 2.3:** *The Monterey County Board of Supervisors, with the Auditor Controller and County Administrator's Offices, should create internal service funds for the purposes of managing vehicles, equipment, and information technology needs.*

**Response R 2.3:** The recommendation will not be implemented because it requires further study and cannot reasonably be implemented at this time. The County Administrative Office and Auditor-Controller's Office continue to evaluate the benefits and financing options for establishing Internal Service Funds for Information Technology and vehicle and equipment management. It remains an expectation that creation of internal service funds will require substantial initial funding and a change in accounting practice, therefore, implementation of any new internal service funds will likely be delayed until the replacement of the Financial, Budget Preparation and Payroll systems (ERP Project). Replacement of the Financial System is scheduled for completion in July 2008 and the Human Resources/Payroll phase is scheduled for completion in January 2009.

**Recommendation R 2.4:** *The Monterey County Board of Supervisors, together with the County Administrative Officer and the Information Technology Manager, should assure that appropriate rights are extended to the Chief Security and Privacy Officer to allow all systems to be audited on a regular basis.*

**Response R 2.4:** The recommendation has been implemented. The very few remaining uncompleted items will be completed in first quarter 2007. It is noted that the correct title of the Information Technology Manager is the Director of Information Technology. The Board of Supervisors, County Administrative Officer, Director of Information



Technology and the Department Heads are committed to information security and are working through the issues of distributed System Administrators to bring about complete compliance with the recommendation. The Department Heads have committed to having full compliance implemented by the end of first quarter 2007, and retaining that compliance thereafter.

Future compliance with the recommendation is facilitated by having implemented an Active Directory policy requiring the grant of local domain access to the Information Security group as a condition of joining the County domain. Periodic review of servers on other domains will be conducted to verify continued compliance. The Chief Security and Privacy Officer and the Director of Information Technology will ensure that this policy remains in effect at all times to require compliance with the recommendation and to ensure that new servers are not added to the County network without a grant of the appropriate security access.

**Recommendation 2.5:** *Recommendation 6.1 of the 2004 Monterey County Civil Grand Jury Report regarding State Criminal Alien Assistance Program funds should be implemented.*

**Response R 2.5:** The recommendation of the 2004 Monterey County Civil Grand Jury Report regarding State Criminal Alien Assistance Program (SCAAP) funds has been implemented. The 2004 Grand Jury recommended that the Board of Supervisors should reconsider its policies related to the allocation of SCAAP funds as one-time resources.

As stated in its response to the 2004 Grand Jury, the Board agreed with the recommendation to reconsider the use of SCAAP funds. Because of the uncertain nature of these funds from one year to the next, the recommendation did not result in adoption of the Grand Jury's suggestion that these funds be used as an ongoing revenue source to offset the Sheriff's Department Net County Cost. As described in the Board's original response on this issue, in preparation for the FY 2005-06 Budget, consideration was given to utilizing this unpredictable revenue source toward meeting the ongoing facility and maintenance needs for operating the County Jail.

The FY 2005-06 Recommended Budget recognized that as discretionary funds, SCAAP revenue is appropriately deposited in the County's Non-Program Revenue, Budget Unit 104. An equal amount of General Fund dollars are annually contributed to the Facilities Projects Fund, Budget Unit 166, specifically for expenditures related to Sheriff's facility improvement and maintenance projects. The Facilities Maintenance Projects budget unit functions as a cost center for budgeting major maintenance projects, deferred maintenance and remodeling in County facilities. Adopted budgets in FY 2005-06 and FY 2006-07 state that any additional SCAAP funds received over the budgeted amount, and any General Fund contribution earmarked for Sheriff's facility related projects not spent/obligated will be available in the subsequent fiscal year for one-time expenditures in the Sheriff's budget and/or designated for Sheriff's related Capital Projects.

FY 2006-07 SCAAP revenue is budgeted at \$735,000, an amount equal to funding received in FY 2005-06. At this writing, current year revenue information is unavailable, pending final actions related to the Federal FY 2006-07 budget.



**REPORT TITLE:** CORE / Enterprise Resource Planning  
**RESPONSE BY:** Monterey County Board of Supervisors  
**RESPONSE TO:** Findings F 3.1 – F 3.5

---

***Finding F 3.1:*** *Monterey County appears to be on the right track, but must make internal changes before it is ready to start implementation of a new financial and accounting system.*

**Response F 3.1:** The respondent agrees with the finding. Internal changes have been initiated, e.g. moving the management of the Enterprise Resource Planning (ERP) project to the County Administrative Office to establish a countywide focus, and in January 2007, the Board established a new position of ERP Project Director. In addition, a Department Head based ERP Steering Committee has been formed to guide the implementation of the new systems. A Project Charter that defines the governance structure, project objectives and implementation principles was developed and presented to the ERP Steering Committee in February 2007.

***Finding F 3.2:*** *Spending and accountability are often intermingled within the County financial system. In many cases, the individuals who approve expenditures are the same individuals who make the expenditures.*

**Response F 3.2:** The respondent partially disagrees with the finding. As a point of clarification, internal controls associated with disbursements to vendors through the County's accounts payable function have appropriate internal controls. However, the County's independent auditor has found internal control issues involving HR/Payroll functions that create risks because the roles/responsibilities of staff are not appropriately separated. The 2006 Government Finance Officer Association (GFOA) Needs Assessment had a similar finding.

***Finding F 3.3:*** *Monterey County cannot afford to defer further the implementation of a modern financial information system. Further delay will lead to loss of grants and funding.*

**Response F 3.3:** The respondent partially disagrees with the finding. The 2004 Grand Jury report found that untimely claims for grant reimbursement result in loss of interest income from delayed claim proceeds and can cause cash flow issues. The 2006 Government Finance Officer Association (GFOA) Needs Assessment had a similar finding, as well as a finding that indicates the County may not be properly, or fully claiming grant reimbursements, and audit issues exist. While the County does not face an impending loss of grant funding due to the above findings, the respondent agrees that these findings must, and are, addressed immediately through ERP implementation.

***Finding F 3.4:*** *Individual departmental financial systems must be brought into alignment with the parameters of the new system to establish control over County processes.*

**Response F 3.4:** The respondent agrees with the finding. This will be a principle the Department Head ERP Steering Committee will incorporate into the implementation Project Charter, and exemptions will be made on a case-by-case basis.

**Finding F 3.5:** *Preparation for and implementation of a new system will require extensive coordination between the County Administrative Officer and the Controller, and the participation of all departments of the County.*

**Response F 3.5:** The respondent agrees with the finding. The Board of Supervisors will be updated on a quarterly basis on project progress.



**REPORT TITLE:** CORE / Enterprise Resource Planning  
**RESPONSE BY:** Monterey County Board of Supervisors  
**RESPONSE TO:** Recommendations R 3.1 – R 3.8

---

**Recommendation R 3.1:** *The County Administrative Officer and the Auditor should take immediate steps to begin the preparation for implementing a new information system to replace the existing antiquated system, using an outside consultant as required to assure that the change progresses as smoothly as possible.*

**Response R 3.1:** The recommendation has been implemented. The Government Finance Officer Associations (GFOA) was retained to provide initial advisory services. Additional consultant services will be retained as the implementation project progresses.

**Recommendation R 3.2:** *The new system should be implemented in two stages. The first stage would include the financial and audit processes, and the second the human resource and payroll processes.*

**Response R 3.2:** The recommendation has not yet been implemented, but will be implemented. The respondent agrees with the recommended sequence of implementation. The first phase is currently scheduled for completion in 2008 and the second phase is scheduled for completion in early 2009.

**Recommendation R 3.3:** *Monterey County should use the audit report contained in the 2004 Grand Jury Report as a guide to final development of the new system.*

**Response R 3.3:** The recommendation has not yet been implemented, but will be implemented. The contents of the 2004 Grand Jury report were integrated into a Project Charter that will guide the ERP Steering Committee. The Project Charter defines the governance structure, project objectives and implementation principles for the ERP implementation. The draft Project Charter was presented to the ERP Steering Committee in February 2007, with a final Project Charter scheduled for adoption in March 2007.

**Recommendation R 3.4:** *The steering committee already in place should be strengthened to include all departments.*

**Response R 3.4:** The recommendation will not be implemented. The ERP Steering Committee is comprised of department heads and key stakeholders representing the administrative and financial departments with representation from the larger, more complex departments within the County. The ERP Steering Committee has a countywide focus and represents the interests of all departments. In addition, the implementation project team will coordinate with all departments throughout the project on key issues.

**Recommendation R 3.5:** *Implementation of the new system should be firmly programmed, and quarterly reports to the Board of Supervisors should be required to assure progress.*



**Response R 3.5:** The recommendation has not yet been implemented, but will be implemented. The Board of Supervisors will be updated on a quarterly basis on project progress. In addition, the Board of Supervisors approval is required for major contract and budget activities supporting ERP implementation.

**Recommendation R 3.6:** *Monterey County should consolidate and centralize information security operations.*

**Response R 3.6:** The recommendation has been implemented. The Board of Supervisors adopted an Information Technology Security Policy in September 2002 to establish the roles, responsibilities, and guidelines to protect and secure County information technology resources from unauthorized access, tampering, modification, communication, and/or theft. The staffing structure set forth in this policy has been fully implemented, consisting of a Chief Security and Privacy Officer and a staff of three highly skilled and talented staff that report directly to this position in the Information Technology Department. County departments assign the responsibility of departmental Information Security Officers (ISO) to designated employees, but these individuals have other departmental responsibilities as well and therefore would not appropriately be centralized. This structure operates like several other functions in the County; where there is a central core function, and distributed responsibilities to the departments.

**Recommendation R 3.7:** *Methods should be established for assuring that the spending and accountability functions of County agencies are separate, with specific checks and balances.*

**Response R 3.7:** The recommendation has been partially implemented. The County's independent auditor has found an internal control issue involving the segregation of roles/responsibilities for HR/Payroll related functions. This recommendation will be implemented as part of the replacement of the County's HR/Payroll System that is scheduled for completion in January 2009. Internal controls associated with disbursements to vendors through the County's accounts payable function have been established and are functioning appropriately. Please see the clarification made in the response to Finding 3.2.

**Recommendation R 3.8:** *The Board of Supervisors should fully fund the implementation of the CORE/Enterprise system.*

**Response R 3.8:** The recommendation has been implemented. Funding for the Enterprise Resource Planning (ERP) Project is included in the adopted County Budget. As a point of clarification, an ERP system is a single, integrated system that includes the business functions currently provided separately by the County's existing Core Financial System, Budget Preparation System and HR/Payroll System.



**REPORT TITLE:** Human Resources  
**RESPONSE BY:** Monterey County Board of Supervisors  
**RESPONSE TO:** Findings F 4.1 – F 4.13

---

***Finding F 4.1:*** *Decentralization of HR activities without appropriate oversight results in County departments making inconsistent and unknown (outside the department) interpretation of HR compensation policies and pay practices.*

**Response F 4.1:** The respondent agrees partially with the finding. The County agrees that the benefits inherent in a decentralized system can be strengthened with an improved central oversight mechanism. The County compensation policy was created in the 1980's and is utilized as the basis for negotiating wages. There are several mechanisms in place to address potential inconsistencies in pay practices. The HR Division of the County Administrative Office investigates potential inconsistencies in pay practices at the request of both represented and unrepresented bargaining units. Finally, the Office of the Auditor-Controller ensures that pay practices are consistent within the limits of the budget and data processing system. It has not been established that inconsistencies are not addressed, or that those inconsistencies exceed the parameters tolerated by other agencies of similar size and complexity.

***Finding F 4.2:*** *Individual department stand-alone and shadow HR systems do not contain all elements necessary to operate an effective Countywide HR program. Lack of consistency makes the accuracy of data reported questionable. This includes, but is not limited to, effective dating of HR events (such as employment periods), step increases, and leaves of absence.*

**Response F 4.2:** The respondent agrees partially with the finding. The County agrees that individual departments' HR functions are not designed to operate without assistance or support of the HR Division of the County Administrative Office. The County also agrees that accurate data is critical. However, centralization alone does not guarantee accurate data input. A well-designed system and implementation by trained staff can provide accurate data in either a centralized and decentralized environment.

***Finding F 4.3:*** *Individual department decentralization of HR activities through multiple computer applications and shadow systems makes integrated benefits administration across the 30 County departments extremely difficult, if not impossible.*

**Response F 4.3:** The respondent agrees partially with the findings. The County's large number of bargaining units with different benefits results in a very complex benefits structure. The primary benefit, healthcare, has been integrated into a single countywide system. Other ancillary benefits such as unemployment, and various leave programs such as FMLA are managed at the department level. An HR information system, which integrates with payroll, is expected to improve management of these employee benefits. The County has recently entered into negotiations to select an Enterprise Resource Planning System that integrates an HR information system component.



**Finding F 4.4:** *Key County HR functions are not administered in a consistent, fair, and equitable manner across the County.*

**Response F 4.4:** The respondent disagrees with this finding. Within the resources allocated, the County HR Staff is committed to providing the highest level of HR services. Though the County's existing decentralized system creates a potential higher level of risk, no evidence suggests increased levels of liability. With respect to issues such as consistency, fairness, and equity, it has not been established that the County's decentralized system is outside of the parameters established by other agencies of similar size and complexity.

**Finding F 4.5:** *Most Monterey County employee job descriptions are outdated and inaccurate.*

**Response F 4.5:** The respondent partially agrees with the finding. The County agrees that many of the job descriptions are in need of updating. However, on a routine basis many new classifications are created and those job descriptions are accurate and up-to-date.

**Finding F 4.6:** *Most Monterey County classification analyses are outdated and invalid.*

**Response F 4.6:** The respondent partially agrees with the finding. The County agrees that many of the classification analyses are in need of updating. However, on a routine basis many new classifications are created and those analyses are accurate and up-to-date.

**Finding F 4.7:** *Most Monterey County employee benefit packages are inconsistent and outdated.*

**Response F 4.7:** The respondent disagrees with the finding. Recent negotiations with each of the bargaining units have provided each union with an opportunity to negotiate different benefit packages. Currently, County Administrative Office Staff are drafting eight new contracts, consistent with the negotiated agreements, in collaboration with departments and the Auditor-Controller's Office. Discussions with non-represented management employees also resulted in improved benefits. The County Administrative Office is also working with the Auditor-Controller's Office to improve management of the short-term disability program and unemployment benefit program. It is expected that within a short period of time all of the benefit programs will be updated. See Finding 4.3 for additional information on this topic.

**Finding F 4.8:** *Monterey County does not have a mandatory program of performance appraisals and evaluations for County managers and employees.*

**Response F 4.8:** The respondent agrees with the finding. All managers are expected to evaluate employees on a regular basis, however, standing County policy is not mandatory.



**Finding F 4.9:** *Monterey County does not have a Countywide integrated program that categorizes similar job skills into a single broad-band classification scheme regardless of department affiliation, in order to facilitate intra-county sharing of limited personnel assets across department boundaries.*

**Response F 4.9:** The respondent agrees with the finding.

**Finding F 4.10:** *Monterey County does not have union-negotiated comprehensive programs for Countywide employee development, performance evaluations and appraisals, merit pay increases, and revised job descriptions.*

**Response F 4.10:** The respondent partially agrees with the finding. The County agrees that there is not a union negotiated program for employee development, performance evaluations, merit pay or job descriptions. These programs are generally not within the scope of matters historically bargained with unions, and are handled administratively. See Recommendation 4.13.

**Finding F 4.11:** *Decentralization of HR payroll activities has created inconsistencies in timekeeping practices, as well as limited or no capability to capture labor expenses associated with grants, projects, work orders, and programs.*

**Response F 4.11:** The respondent partially agrees with the finding. To the degree that payroll has been decentralized, that event was independent of the HR decentralization. As a point of clarification, decentralization itself does not limit, or prohibit the capture of labor expenses associated with grants, projects, work orders and programs. That capability does not exist because the existing Payroll System's Time & Attendance functionality does not support that capability.

**Finding F 4.12:** *Decentralization of risk management creates labor-intensive and error-prone systems that lead to resolving workers' compensation claims in an inconsistent manner.*

**Response F 4.12:** The respondent partially agrees with the finding. Within the resources allocated, the County's workers' compensation staff, both in departments and the County Administrative Office, is committed to providing the highest level of HR services. Their combined efforts over the last three years have reduced workers' compensation costs by 25%. The County agrees that continued improvements in the program are possible and has recently completed a "gap analysis." As part of the FY 2007-08 budget process and based on the financial outlook for the County, consideration will be given to the potential reallocation of existing positions to close the gaps identified. In addition, improved service is expected through the request for proposal process (for the workers' compensation third party administrator) to be completed later this year.

**Finding F 4.13:** *Monterey County's lack of central control and oversight of the County's HR processes creates inconsistencies in the application of County policies and processes in areas such as the development of performance appraisals, training, position control, grievances, complaints, and discipline tracking.*